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Westly Reports November Revenues Up; Not Enough to Solve Deficit

SACRAMENTO – State Controller Steve Westly announced today that state revenues for the first five months of the fiscal year are up 9.3 percent over the same period last year, a more than \$2.6 billion increase. But he cautioned that recent revenue increases would not solve California's long-term deficit.

"Every bit of growth helps, but more is needed if we are to celebrate a balanced budget along with the holidays," Westly said. "Sacramento must get serious about the \$6.5 billion the state is owed but isn't collecting every year."

Westly has led collection efforts that have helped raise \$3.5 billion for the state budget without an increase in taxes.

Actual receipts to date for the current fiscal year are \$1.5 billion higher than forecast in the budget, an increase of 5 percent. Gains in key revenue sources – particularly corporation and income taxes – are ahead of budget estimates, while retail sales for the year are down two percent.

According to the State Controller's monthly General Fund Cash Basis Revenue Report, July through November revenues increased compared to the same five-month period in the last fiscal year. Personal income taxes were up 9.3 percent, rising from \$14 billion to \$15.3 billion. Retail sales and use taxes for the year were up 5.8 percent, totaling \$10.6 billion compared to about \$10 billion last year. Corporation taxes were 12.4 percent higher, rising from about \$2.6 billion to \$2.9 billion.

Excerpt of report follows.

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General Fund Cash Basis Revenues for the Month of November 2005 *

Comparison of Actual Amounts to 2005-06 Budget Act Estimate

In thousands

	Month of November		Actual Over or (Under) Estimate	
	Actual	Budget Act Estimate	Amount	%
Alcoholic Beverage Excise Tax	35,724	27,000	8,724	32.3
Corporation Tax	41,127	(150,000)	191,127	-
Cigarette Tax	3,514	10,000	(6,486)	(64.9)
Estate, Inheritance, and Gift Tax	2,280	-	2,280	-
Insurance Companies Tax	17,344	12,000	5,344	44.5
Personal Income Tax	2,486,101	2,376,000	110,101	4.6
Retail Sales and Use Taxes	3,215,458	3,500,000	(284,542)	(8.1)
Pooled Money Investment Interest	27,561	31,000	(3,439)	(11.1)
Not Otherwise Classified	405,060	397,000	8,060	2.0
Total Revenues	<u>6,234,169</u>	<u>6,203,000</u>	<u>31,169</u>	0.5

General Fund Cash Basis Revenues for the Fiscal Year through November 2005 *

Comparison of Actual Amounts to 2005-06 Budget Act Estimate

In thousands

	July 1 through November 30		Actual Over or (Under) Estimate	
	Actual	Budget Act Estimate	Amount	%
Alcoholic Beverage Excise Tax	137,396	137,000	396	0.3
Corporation Tax	2,946,394	2,354,000	592,394	25.2
Cigarette Tax	46,069	50,000	(3,931)	(7.9)
Estate, Inheritance, and Gift Tax	102,028	69,000	33,028	47.9
Insurance Companies Tax	590,786	549,000	41,786	7.6
Personal Income Tax	15,343,390	14,341,000	1,002,390	7.0
Retail Sales and Use Taxes	10,603,031	10,820,000	(216,969)	(2.0)
Pooled Money Investment Interest	154,453	116,000	38,453	33.1
Not Otherwise Classified	1,271,629	1,279,000	(7,371)	(0.6)
Total Revenues	<u>31,195,176</u>	<u>29,715,000</u>	<u>1,480,176</u>	5.0

* This information is based upon funded cash. Funded cash is cash reported to and recorded in the records of the State Controller's Office. Amounts reported as funded cash may differ from amounts in other reports to the extent there are timing differences in the recording of in-transit items.

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General Fund Cash Basis Revenues for the Month of November 2005 *

Comparison of November 2005 to November 2004

In thousands

	Month of November		Comparison	
	2005	2004	Amount	%
Alcoholic Beverage Excise Tax	35,724	21,247	14,477	68.1
Corporation Tax	41,127	32,705	8,422	25.8
Cigarette Tax	3,514	7,529	(4,015)	(53.3)
Estate, Inheritance, and Gift Tax	2,280	36,300	(34,020)	(93.7)
Insurance Companies Tax	17,344	14,398	2,946	20.5
Personal Income Tax	2,486,101	2,351,129	134,972	5.7
Retail Sales and Use Taxes	3,215,458	3,342,672	(127,214)	(3.8)
Pooled Money Investment Interest	27,561	19,620	7,941	40.5
Not Otherwise Classified	405,060	427,710	(22,650)	(5.3)
Total Revenues	<u>6,234,169</u>	<u>6,253,310</u>	<u>(19,141)</u>	(0.3)

General Fund Cash Basis Revenues for the Fiscal Year through November 2005 *

Comparison of Fiscal Year 2005-06 to 2004-05

In thousands

	July 1 through November 30		Comparison	
	2005	2004	Amount	%
Alcoholic Beverage Excise Tax	137,396	131,009	6,387	4.9
Corporation Tax	2,946,394	2,621,452	324,942	12.4
Cigarette Tax	46,069	49,646	(3,577)	(7.2)
Estate, Inheritance, and Gift Tax	102,028	252,570	(150,542)	(59.6)
Insurance Companies Tax	590,786	540,330	50,456	9.3
Personal Income Tax	15,343,390	14,041,011	1,302,379	9.3
Retail Sales and Use Taxes	10,603,031	10,017,401	585,630	5.8
Pooled Money Investment Interest	154,453	50,803	103,650	204.0
Not Otherwise Classified	1,271,629	846,822	424,807	50.2
Total Revenues	<u>31,195,176</u>	<u>28,551,044</u>	<u>2,644,132</u>	9.3

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